

---

# **ORGANIZATIONAL AND ECONOMIC CHARACTERISTICS OF COMPENSATIONS FOR TEMPORARY LOSS OF CAPACITY TO WORK**

---

**Plamen P. Yordanov<sup>1</sup>**  
**Margarita I. Nikolova<sup>2</sup>**  
**Zhaneta E. Angelova<sup>3</sup>**

*<sup>1, 2, 3</sup> D. A. Tsenov Academy of Economics – Svishtov, Bulgaria*

*E-mail: <sup>1</sup>p.yordanov@uni-svishtov.bg; <sup>2</sup>m.i.nikolova@uni-svishtov.bg;*

*<sup>3</sup>d010219209@uni-svishtov.bg*

**Abstract:** The insurance for general diseases with temporary incapacity to work has specific features due to the specifics of the risk it covers. Such diseases are very frequent but usually mild and entail specific consequences, such as reduction or loss of income due to sick leaves. The object of research is the insurance for of general diseases and its subject is the organizational framework and the regulations regarding the benefits for temporary incapacity for work. The aim of this study is to investigate the organizational and economic characteristics of benefits for temporary incapacity for work due to general disease in certain of the European Union and formulate guidelines for organizational development and improvement of the social security system in Bulgaria.

**Keywords:** disease with temporary incapacity to work, general disease, compensation for general disease with temporary incapacity to work.

This article shall be **cited** as follows: **Yordanov, P., Nikolova, M., Angelova, Z.** (2021). Organizational and Economic Characteristics of Compensations for Temporary Loss of Capacity to Work. *Economic Archive*, (3), pp. 14-30.

**URL:** [www2.uni-svishtov.bg/NSArhiv](http://www2.uni-svishtov.bg/NSArhiv)

**JEL:** H55.

\* \* \*

## **Introduction**

The foundations of sickness insurance, as a branch of modern social security, were laid in 1883 by the provisions of German legislation regarding employees' social security. However, its emergence should not be seen as an evolutionary leap, but as a continuation and the result of a natural development of mutual assistance and solidarity of professional communities in times of difficulties conditions and exceptional hazards to workers' health and capacity to work (Кацаров, 1957, стр. 15 и сл.).

The object of this research is the insurance for general disease<sup>1</sup> as a main branch of modern social insurance, and its subject is the organizational framework and the types of compensations for temporary incapacity to work.<sup>2</sup> The aim of this study is to review the organizational and economic characteristics of monetary compensations in case of temporary incapacity to work due to general disease in certain countries of the European Union and to formulate guidelines for organizational development and improvement of social security in Bulgaria.<sup>3</sup> To achieve this goal, we have to solve the following specific research tasks:

- to define the inherent characteristics of sickness insurance as a branch of social security and the compensations paid for temporary incapacity to work;
- to examine the organizational framework and the types of compensations for temporary incapacity to work due to disease in certain countries of the European Union;
- to outline the organizational framework and the types of compensations for temporary incapacity to work due to disease in Bulgaria;
- to formulate guidelines for development of the system of compensations for temporary incapacity to work due to disease in Bulgaria.

To achieve the general objective and the specific research tasks, specialized scientific literature, normative acts and official statistical information

---

<sup>1</sup> The reason for classifying the insurance coverage according to the type of incapacity to work due to general (non-professional) disease is that the specific occupation or task, although it affects to a certain degree the frequency and severity of insurance cases, cannot be perceived as the only and exclusive reason for their occurrence (Кацаров, *Обществено осигуряване на работниците и служителите*, 1957, стр. 163).

<sup>2</sup> In this paper the terms temporary incapacity to work and general disability to work, regardless of the existing grounds for their distinction, will be used as synonyms. On this occasion, Prof. I. Katsarov associates capacity to work with the assessment of the capacity to perform a specific work activity (task) and, respectively, ability to work - with the assessment of the ability to perform work activities in general (Кацаров, 1957, стр. 288).

<sup>3</sup> Compensations for temporarily reduced capacity to work remain outside the scope of this study as they are usually included in remunerations and are granted under certain conditions.

have been systematized, analysed and summarized. The study is based on the traditional methods of scientific research, such as the historical method, the comparative method, analysis and synthesis, expert evaluation, observation, statistical and mathematical methods. The retrospective study is consistent with the possibilities for achieving comparability of data.

### **I. Disease insurance and organizational framework of the compensations for temporary incapacity to work due to general disease**

A popular definition of the World Health Organization (WHO) links health to the state of complete physical, mental and social well-being of the individual based on the absence of disease or disability. (Устав (Конституция) Всемирной Организации Здравоохранения). From the standpoint of such an understanding, normal health can be perceived as the core of physical fitness and ability as components of work capacity while diseases (and the related disabilities) - as a reason for limited opportunities for full participation in key areas of human life, including education and economic activities. (Международна класификация на функционирането, уврежданията и здравето, 2018, стр. 126 и сл.) In this sense, Prof. V. Mrachkov perceives disease as an abstraction, which is manifested as a violation of the structure and organs of the human body and their functions, thus associating diseases with the state of the human body due to the manifestation of a particular disease. (Мръчков, 2014, стр. 181).

As an element of everyday life that threatens normal human existence, illnesses (and diseases) are adequately reflected in acts of the International Labor Organization (ILO):

- the provisions of Art. 3 and Art. 4 of Conventions No. 24 (Международните трудови конвенции в България, 1992, стр. 268 - 268) and No. 25 (Международните трудови конвенции в България, 1992, стр. 272) of 1927 (regarding sickness insurance) associate the occurrence of incapacity to work due to an abnormal state of physical or mental health with the right to monetary compensation for at least the first 26 weeks of incapacity to work and the occurrence of a disease with the right to medical treatment and medicines and medical consumables of the necessary quantity and quality from the onset of the disease until shortly before the expiration of the term of payment of the sickness compensation;
- the provisions of Art. 2 of Recommendation No. 67 of 1944 (Рекомендация 67 об обеспечении дохода, 1944 г.) provide for the leading

role to the obligatory social insurance in guaranteeing means of subsistence, incl. in cases of illness;

- the provisions of Convention No. 102 of 1952 (Конвенция № 102 на Международната организация на труда за социална сигурност (минимални стандарти), 1952 г.) which provide for the structure of social security systems and outline their underlying organizational standards, approve the separation of medical care in cases of illness and the provision of cash benefits for illness and disability of general (non-professional) nature as independent areas of social security.

Insurance for general disease<sup>4</sup> with temporary incapacity to work of a general nature, as a branch of social security, is distinguished by certain peculiarities arising from the specifics of the covered risk. The disease, as part of human daily life, manifests itself with great frequency, but with low severity<sup>5</sup> and with specific consequences - reduced or lost income from work during short periods of incapacity to work. The emphasis in sickness insurance is not on the illness, as a specific cause of the deteriorating health and / or functional condition, but on the adverse economic consequences described above. However, the assessment of the occurrence of an insured event is entirely within the competence of the bodies authorized to perform medical evaluation.

The compensations arising from sickness insurance coverage in case of temporary incapacity to work due to general diseases are usually in terms of money. Their main purpose is to compensate the insured for the adverse economic consequences (Георгиев, 2001, стр. 256) and thus allow them to meet their daily needs. (Павлов, 1998, стр. 206) Essentially, they are cash payments in the event of occurrence of certain predetermined conditions and prerequisites, are calculated according to a predetermined functional dependence, binding predetermined parameters and are paid from the beginning of the period of incapacity until the recovery of the capacity to work or until the person is declared disabled. Thus outlined, the basic organizational

---

<sup>4</sup> The similarity of the adverse effects allows uniform treatment of general diseases and accidents in of insurance coverage. In the theory and practice of social security, the concept of accident is perceived as a bodily harm caused by accidental, individually unpredictable, external causes and sudden, brief and inevitable events. Accidents, unlike diseases, occur less frequently but are more severe (Кацаров, Теория на общественото осигуряване. Част II., 1967, стр. 409 и сл.). The cases in which able-bodied persons, for objective reasons, are prevented from working - due to the need for (restorative or preventive) sanatorium treatment, quarantine, care for a relative, etc. should be perceived as equated to the disease. (Мръчков, 2014, стр. 186).

<sup>5</sup> The the insurance theory and practice measure risk exposure by means of the indicators "Frequency of occurrence", which is the number of occurrences per 1 person of the average annual number of the insured, and "Severity" , which is the average duration of incapacity to work of an insurance event (Георгиев, 2001, стр. 176 и сл.).

framework (regime<sup>6</sup>) of sickness compensations directly corresponds both to the mechanism of functioning of social security and to the basic social security standards regulated by ILO Convention 102 of 1952 as:

- The right to monetary compensation is acquired only by persons who are covered (i.e. are paying their social security contributions) at the moment of occurrence of the covered insurance risk;

- The right to monetary compensation is acquired only by persons in respect of whom a state of incapacity for work has objectively been established and which has occurred as a result of the manifestation of the covered insurance risk;

- The right to monetary compensation is acquired only by persons who meet other requirements, most often the requirement for a certain (usually short) length of service during which they have paid their contributions. This requirement can be justified both by the need to observe the principle of equivalence and by the desire to prevent the use of the resources of the insurance fund outside their strict purpose;

- The amount of compensation is calculated and depends on the size of the remuneration over a certain period or immediately before the occurrence of the risk, insofar as they represent the material expression and specification of the adverse economic consequences and are the basis for determining the due social security contributions;

- The compensation is due for the period of incapacity for work, starting from its first day or after the expiration of a predetermined short period, until the moment of recovery, disability (assessed by objective changes in the course of the disease or at the end of a predetermined period) or death. The period of postponement of the initial moment of payment of the due compensation, also known as quarantine period, is similar to the requirement for previously completed insurance experience, in order to prevent the use of the resources of the insurance fund outside their strict purpose (Кацаров, 1967, стр. 300 и сл.). Imposing an obligation on the insurer to continue to pay remuneration for a certain period at the beginning of incapacity for work is a matter of decision at the level of national legislation, motivated by the desire to include it in the process of monitoring the objectivity of expert decisions on the occurrence and characteristics of incapacity for work. Such a decision, despite being common in insurance practice, Prof. V. Mrachkov assesses as deviating from the essence of insurance relations (Мръчков, 2014, стр. 265).

---

<sup>6</sup> In the theory and practice of insurance, the term insurance claims payment regime means the complex of organizational decisions providing for the conditions, size and terms for paying the compensations (Георгиев, 2001, стр. 256 и сл.).

## **II. Regulatory provisions for monetary compensations for general diseases with temporary incapacity for work in certain EU member states**

The data summarized and published by Eurostat is indicative for the national specifics and organizational framework of sickness protection and the regime of monetary compensations for temporary incapacity to work. In 2018 (see Table 1), the share of social and health care expenditure in total social protection expenditure in EU countries varies from 18.73% in Cyprus to 37.12% in Ireland. In the same year, the largest share of expenditures for regularly paid cash benefits with insurance nature in case of temporary incapacity for work in the total expenditures for social payments for illness and medical care was registered in Luxembourg (22.07%), in Poland (21.83%) and in Germany (19.75%).

Disease insurance in Luxemburg (Vergleichende Tabellen - Stand: 01.01.2021) is financed by contributions and is mandatory for all employees and self-employed persons. This obligation also covers the working pensioners who receive employment remunerations. People who do not have permanent employment or who were employed for less than 3 months within a calendar year are not subject to insurance. There is no possibility for voluntary inclusion in the insurance protection.

The assessment of the occurrence of incapacity to work is within the competence of the attending physicians. The incapacitated person, at the request of the employer or the insurance carrier, may be subjected to additional medical examinations.

Insured persons acquire the right to sickness compensations, provided that they have been paying their social security contributions for 6 months prior to the occurrence of the insured event (this provision does not apply to unemployed persons or mothers on maternity leave, who have not paid sickness insurance contributions).

The insured person is entitled to continued payment of the full amount of his/her remuneration until the end of the month in which the 77th day of incapacity for work falls (13 weeks on average) within a period of 18 months. Up to 80% of the amounts paid by employers during periods of incapacity for work are subject to reimbursement through the system of the so-called employer insurance.

The monetary compensation amounts to 100% of the person's highest monthly remuneration over the last 3 months preceding the incapacity to work and the average monthly amount of additional income received in the 12-month period preceding the event. The payment is monthly and cannot be less than the amount of the social minimum wage or exceed a limit set at 5 times this amount.

Table 1

**Social benefits for diseases and medical services in the EU member states  
in 2018**

Country	Social benefits for diseases and medical services					
	% of the total soc. security benefits	Regular monetary compensations		Continuing remuneration payments		
		in mln. €	% of total disease compens.	in mln. €	% of	
					total disease compens.	total monetary compens. for disease
Belgium	25.66	4 045.37	11.91	3 966.88	11.68	98.06
Bulgaria	28.82	289.48	10.61	289.46	10.61	99.99
Czech Rep.	32.38	1 282.70	10.17	1 195.33	9.48	93.19
Denmark	20.80	2 145.33	10.86	2 145.33	10.86	100.00
Germany	33.88	66 589.25	19.75	66 589.25	19.75	100.00
Estonia	29.43	120.34	9.64	85.33	6.84	70.91
Ireland	37.12	1 232.96	7.18	1 025.90	5.97	83.21
Greece	19.21	409.43	4.69	333.97	3.82	81.57
Spain	26.22	10 668.79	14.37	10 668.79	14.37	100.00
France	26.77	17 434.80	8.18	17 434.80	8.18	100.00
Croatia	32.91	544.97	14.74	544.97	14.74	100.00
Italy	22.24	6 896.00	6.07	6 896.00	6.07	100.00
Cyprus	18.73	99.15	13.63	96.66	13.29	97.49
Latvia	26.98	165.08	13.78	165.08	13.78	100.00
Lithuania	29.66	357.11	16.7	357.11	16.70	100.00
Luxemburg	24.03	719.81	22.07	719.81	22.07	100.00
Hungary	27.67	570.97	8.72	543.16	8.29	95.13
Malta	35.06	89.53	13.31	81.42	12.10	90.94
the Netherlands	32.26	14 843.00	20.6	14 103.00	19.57	95.01
Austria	25.70	4 063.61	14.06	4 048.43	14.01	99.63
Poland	21.42	4 589.63	21.83	3 957.79	18.83	86.23
Portugal	25.17	807.20	6.51	804.51	6.49	99.67
Romania	28.36	378.17	4.34	378.17	4.34	100.00
Slovenia	33.20	516.74	15.42	492.29	14.69	95.27
Slovakia	31.96	503.62	9.8	502.73	9.78	99.82
Finland	22.23	2 125.92	13.62	2 068.15	13.25	97.28
Sweden	26.42	6 091.17	17.33	6 091.17	17.33	100.00
the UK	32.25	11 350.22	5.66	10 250.42	5.11	90.31

**Source:** Евростат, (Tabellen pro Leistungen - Funktion Krankheit / Gesundheitsversorgung); (Ausgaben: wichtigste Ergebnisse).

Compensations are paid from the first day and for a maximum period of 78 weeks or until a disability pension is granted.

Insured persons, in cases of need to care for a sick child, are entitled to compensation for different periods according to the age of the child, the place of treatment (at home or in a medical institution) and the presence or absence of disabilities.

Temporary incapacity compensations are adjusted to according to price dynamics. They cannot be received if other social benefits or remunerations are received. The remuneration paid by the employer during the initial period of incapacity to work and cash benefits due after the expiry of the period of continued payment of remuneration are subject to taxation.

Disease insurance in Poland (Vergleichende Tabellen - Stand: 01.01.2021) is financed by contributions and is mandatory for employees. Voluntary inclusion in the social security protection of self-employed is allowed.

The assessment of the occurrence of a state of incapacity to work is within the competence of the attending physicians. The incapacitated person, at the request of the employer or the insurance carrier, may be subject to additional medical examination.

The right to payment in case of temporary incapacity for work is acquired in the presence of a completed 30-day period of participation in the insurance as a compulsorily insured person or a 90-day period of participation in the insurance as a voluntarily insured person.

The insured person, in case of general incapacity to work, is entitled to compensation to the amount of 80% of the average monthly gross remuneration during the 12-month period preceding the occurrence. This remuneration is at the expense of the employer and is paid during the first 33 days of the illness during the calendar year (for persons over 50 years of age - during the first 14 days of the illness).

Compensation for a general disease is defined as:

- 100% of the average monthly gross remuneration in the 12-month period preceding the occurrence of the risk - in case the illness occurred during pregnancy;
- 70% of the average monthly gross remuneration during the 12-month period preceding the occurrence of the risk - during the period of hospitalization;
- 80% of the average monthly gross remuneration in the 12-month period preceding the occurrence of the risk - in all other cases.

Payments are granted from the first day for a period of maximum duration 182 days (270 days - if the incapacity for work is due to tuberculosis).

Insured persons, in the event of the need to care for a family member, are entitled to compensation for a period of duration as follows:

- for looking after a child under 8 years of age - up to 60 days a year



- for looking after a child of up to 14 years of age – up to 60 days a year;
- for looking after another member of the family – up to 14 days a year.

Temporary incapacity compensations cannot be received if the person receives remuneration during the same period. Sickness payments (compensation and ongoing remuneration) are subject to taxation. A health insurance contribution is due on the remunerations paid during the period of incapacity for work.

Sickness insurance in Germany (Vergleichende Tabellen - Stand: 01.01.2021) is financed by contributions and is mandatory for all employees. There is a possibility for voluntary participation in the sickness insurance for certain categories of persons. In case of illness, if they are prevented from fulfilling their employment obligations, the insured persons are entitled to continuous payment of 100% of the remuneration for a period of up to 6 weeks, provided that there is a 4-month continuous period of employment with the employer.

The assessment of the state of incapacity to work is within the competence of medical doctors, and an expert opinion may be required regarding their decisions.

The monetary compensation due after the expiration of the period of continuous payment of remuneration is determined as a daily amount (for a calendar day) of 70% of the average remuneration on which insurance contributions have been made during a period of 3 months before the event, but cannot exceed 90% of the net income. The period of monetary compensation for the same disease is limited to 78 weeks within 3 years. Insured persons, in cases of need to care for a sick child under the age of 12, are entitled to compensation for a period of up to 10 working days within one year.

Compensations for temporary incapacity to work cannot be received simultaneously with other social payments or income from employment. Remuneration paid during the 6-week initial period of incapacity for work is subject to taxation in the general order. Cash compensation due after the end of the period of continued payment of remuneration is not subject to taxation.

### **III. Disease insurance and organizational framework of the compensations for general diseases with temporary incapacity for work in Bulgaria**

The insurance in case of temporary incapacity for work of due to general disease in Bulgaria is carried out as part of the State Social Insurance (SSI) and is financed with contributions within the framework of the “General Sickness and Maternity” insurance<sup>7</sup> It is organized as obligatory for the persons, exercising labour activity according to the logic of the rent relations on different grounds, described in detail in the texts of art. 4, para. 1, items 1 - 10 and Art. 4a, para. 1 of the Code of Social Insurance (CSI) and as a voluntary - for persons engaged in employment and receiving income from work as self-employed<sup>8</sup> (Code of Social Insurance, SG issue 110 of 1999, Art. 4, Art. 4a, Art. 5, Para. 2 and Art. 6, Para. 8).

The establishment and certification of incapacity for work is within the competence of the bodies of medical expertise - attending physician / dentist, medical advisory commissions (MACs), territorial expert medical commissions (TEMCs) and the National Medical Expert Commission (NEMC). Temporary incapacity for work is present in case the insured person is unable or prevented from working. The leave is formed with a sick leave certificate, issued for the period from the first day of occurrence of the temporary incapacity for work until its restoration or until the establishment of permanently reduced working capacity by the TEMC. When the temporary incapacity for work has lasted more than 6 months without interruption or 12 months with interruption in two previous years and in the year of illness, leave is allowed only after a control examination by the TEMC every two months, provided that there are objective signs of recovery. working capacity in the next 6 months (Ordinance on medical expertise. SG, issue 51 of 27.06.2017, Art. 3, Art. 6).

The bodies of the medical expertise are obliged to submit to the National Social Security Institute (NSSI) the data contained in the sick leaves issued by them (Law on Health. SG, issue 70 of 10.08.2004, art. 103a). The powers of doctors, experts in expertise of temporary incapacity for work in the territorial divisions of the NSSI, as a control body of the holder of public social insurance,

---

<sup>7</sup> The term "insurance" should be understood as a relatively independent in financial and organizational terms part of the social security, separate in connection with the protection provided in the event of one or more risks with similar insurance characteristics.

<sup>8</sup> Such are: the persons registered as exercising free profession and / or craft activity, the persons exercising labour activity as sole traders, owners or partners in commercial companies and the natural persons - members of impersonal companies, the persons who are taxed by the order of art. 26, para. 7 of the Law on Personal Income Taxes and Registered Farmers and Tobacco Producers.

is to monitor compliance with the Health Act and regulations on its implementation in connection with the functioning of insurance relations (Regulations for the organization and the activity of NSSI. SG, issue 8 of 28.01.2014, art. 31, para 1 and 2). The interested persons and bodies (the insured persons, the insurers, the bodies of NSSI, etc.) may appeal the decisions of the bodies of the medical expertise by the order and within the terms provided for in art. 112 of the Health Act.

Insured persons acquire the right to payment in case of temporary incapacity for work of a general nature, if they have at least 6 months of insurance experience.<sup>9</sup> The payment starts from the first day of the incapacity for work and continues until the restoration of the working capacity or until the establishment of disability (Code of Social Insurance, SG issue 110/1999, Art. 40, Para 1, Art. 42, Para. 1).

The text of Art. 40, para. 5 of the CSI obliges the insurers to pay to the insured person, for the first 3 working days of the incapacity to work, 70% of the average daily gross remuneration for the month during which the incapacity for work occurred, but not less than 70% of the average daily agreed remuneration.

The daily monetary compensation for temporary incapacity to work due to general disease paid by the NSSI amounts to 80% of the average daily gross remuneration or the average daily insurance income on which insurance contributions have been paid or are due (for self-insured persons - on which insurance contributions have been paid). contributions) for general illness and maternity for the period of 18 calendar months preceding the month of incapacity for work. The daily cash benefit may not exceed the average daily net remuneration for the period from which the benefit has been calculated (Social Security Code, SG issue 110/1999, Art. 41).

CSI provides for the right of insured persons to compensation in cases of:

---

<sup>9</sup> The requirement for 6 months of insurance experience does not apply to persons under 18 years of age (Social Insurance Code, SG No. 110/1999, Art. 40, para 1). Pursuant to Art. 9 of CSR, for insurance length of service in connection with the acquisition of the right to monetary compensation in case of temporary incapacity for work, the time of paid and unpaid leave for raising a child shall also be taken into account; the time of paid and unpaid leave for temporary incapacity for work, for pregnancy and childbirth and for adoption of a child up to 5 years of age; the time of unpaid leave up to 30 working days in one calendar year (for 2020 - up to 60 working days, for 2021 - up to 90 working days); the time during which the self-insured persons, who are insured for general illness and maternity, received cash benefits for temporary incapacity for work, pregnancy and childbirth, raising a small child and adoption of a child up to 5 years of age and the periods of temporary incapacity for work, pregnancy and birth, upbringing of a small child and adoption of a child up to 5 years of age, during which they were not entitled to cash benefits.

- quarantine or suspension from work upon prescription by health authorities for the period of suspension but for not more than 90 calendar days (Code of Social Insurance, SG, issue 110 of 1999, Article 43);

- sanatorium treatment according to the prescription of the health authorities for the whole stay, including up to three calendar days for travel, within the extent determined respectively for general disease or for labour accident and professional disease (Code of Social Insurance, SG issue 110/1999, Art. 44);

- taking care of or necessary accompanying for medical examination in the country or abroad for an ill member of the family over 18 years of age - to each insured up to 10 calendar days during one calendar year; taking care of or necessary accompanying for medical examination, investigation or treatment in the country or abroad for an ill child up to 18 years of age - up to 60 calendar days during one calendar year as a total for all insured members of the family; taking care for a child under quarantine up to 18 years of age, ill with infectious disease - till the expiry of the term of the quarantine; taking care of an ill child up to 3 years of age, accommodated in an establishment for hospital aid together with the insured person - for the time during which the insured has been at the establishment; taking care of a healthy child returned from a children's establishment due to quarantine - till the duration of the quarantine (Code of Social Insurance, SG issue 110/1999, Art. 45, Para 1).

According to Art. 46, para. 3 of CSI, cash benefit for temporary loss of ability to work and pregnancy and childbirth shall not be paid to persons who are engaged in labour activity that is a ground for insurance for general disease and motherhood during the periods for which are issued acts by the health-care authorities.

The provision in Art. 13, para. 1, item 6 of the Personal Income Tax Act (Закон за данъците върху доходите на физическите лица. ДВ, бр. 95 от 24.11.2006 г.) defines the income from compulsory insurance in Bulgaria (including cash benefits in case of illness with temporary incapacity for work of a general nature) or abroad as non-taxable.

The remunerations paid by the insurers during the first 3 working days from the state of incapacity for work on the grounds of art. 40, para. 5 of CSI, are an element of the insurance income, on which the due insurance contributions are determined both for social (Ordinance on the elements of the remuneration and on the incomes on which insurance contributions are made. SG, issue 6 of, art. 3, para. 1), as well as for health (Health Insurance Act, SG No. 70 of 19.06.1998, Art. 40, para 1, item 1) insurance. For the periods of temporary incapacity for work, on the grounds of art. 40, para. 1, item 5 of the Health Insurance Act, a health insurance contribution is due at the expense of the employer, determined in the amount of the part of the contribution due by

him (4.8%<sup>10</sup>) on the minimum insurance income for the self-insured persons (BGN 650 in 2021.<sup>11</sup>)

The data announced by the NSSI (see Table 2) is a summary of the present organizational framework of sickness insurance and the regime of cash benefits in case of temporary incapacity to work due to general disease in Bulgaria in the period 2018 - 2020:

*Table 2*

***Monetary compensations for general diseases with temporary incapacity for work in Bulgaria (2018 – 2020)***

Indicator*	2018	2019	2020
Average monthly number of insured persons	2790182	2794029	2693720
Average monthly income of the insured persons, in BGN	889.90	986.52	1069.50
Average monthly gross remuneration of the insured employed with labour contracts and, BGN	1130.58	1261.17	1366.17
Number of workdays	249	249	250
Average monthly taxable income of the insured persons, BGN	42.89	47.54	51.34
Average daily gross remuneration of the insured employed with labour contracts and, BGN	54.49	60.78	65.58
Number of compensations paid	2748056	2709904	2197830
Number of incapacity days compensated	17593279	17196157	17563023
Total compensations paid, BGN	549199395	589637781	685561130
Average daily compensation paid, BGN	31.22	34.29	39.03
Frequency of insurance events	0.9849	0.9699	0.8159
Severity of insurance events	6.40	6.35	7.99
Severity (number of incapacity days) per 1 insured	6.31	6.15	6.52
Ratio of the average daily compensation paid to the average daily income of the insured, %	72.78	72.13	76.03
Ratio of the average daily compensation paid to the average daily gross remuneration of the insured, %, %	57.29	56.41	59.52

<sup>10</sup> The health insurance contribution determined by the Law on the Budget of the National Health Insurance Fund for 2021 (Law on the Budget of the National Health Insurance Fund for 2021, SG No. 103 of 04.12.2020, Art. 2) amounts to 8% and is distributed according to art. 40, para. 1, item 1 of the Health Insurance Act, in a ratio of 60:40 between the employer and the insurance.

<sup>11</sup> Determined by the State Social Insurance Budget Act for 2021 (State Social Insurance Budget Act. SG, issue 103 of 04.12.2021, Art. 9, item 2).

\* The information is summarized and refers to the cases caused by a general illness, non-work accidents, caring for a sick family member and quarantine and sanatorium treatment due to a general disease.

**Source:** НИ, NSSI: (Социалноосигурителни показатели по пол 2012 - 2020 г.); (Показатели, характеризиращи временната неработоспособност на осигурените лица. Статистически бюлетин - 2020 г.); (Показатели, характеризиращи временната неработоспособност на осигурените лица. Статистически бюлетин - 2019 г.); (Показатели, характеризиращи временната неработоспособност на осигурените лица. Статистически бюлетин - 2018 г.); (Средна брутна месечна заплата на наетите лица по трудово и служебно правоотношение - 2018 г., 2019 г., 2020 г.); (Работни и почивни дни - 2018 г., 2019 г. и 2020 г.).

- The average monthly number of persons insured in social security decreases from 2,790,182 (in 2018) to 2,693,720 people (in 2020) with an increase in the average monthly insurance income from BGN 889.90 in 2018 to 1,069.5 BGN in 2020 and the average monthly gross salary of employees from BGN 1130.58 in 2018 to BGN 1366.17 in 2020;

- The number of benefits paid decreased from 2,748,056 (in 2018) to 2,197,830 in 2020, which can be explained to a certain extent with the decrease in the average monthly number of insured persons during the period;

- Despite the decrease in the average monthly number of insured persons and the number of paid benefits, the total number of days of incapacity for work for which compensations were paid by the Social Security Fund in 2020 (17,563,023) is only 30,256 less than the number of days of incapacity for work for which compensations were paid by the Social Security Fund in 2018 (17,593,279);

- The dynamics of the indicators for frequency and severity of the insured event testifies to changes in the risk exposure of the insured persons. The decrease in the frequency of occurrence of an insured event (from 0.9849 in 2018 to 0.8159 in 2020) is accompanied by a significant increase in its severity - the average length of the period of incapacity for work caused by one insured event in 2020. is 7.99 days, which is 1.59 days more than the average duration of incapacity for work caused by one insurance case in 2018 (6.40 days). These changes also determine the increase in the weight (number of days of incapacity for work) per 1 insured person - from 6.31 days (in 2018) to 6.52 days (in 2020);

- The average daily amount of paid benefits increases from BGN 31.22 (in 2018) to BGN 39.03 (in 2020), which represents 76.03% of the average daily amount of the insurance income of the persons insured in the Social Security and only 59.52% of the average daily amount of the gross salary of the employees in 2020 - far below the one prescribed in Art. 41, para. 1 of the CSR level of the provided insurance payment.

## Conclusion

In general, sickness insurance and the regime of cash benefits for temporary incapacity to work due to general disease in Bulgaria are in line with the theoretical and methodological principles and organizational standards of social security and its organizational provisions are in line with the insurance practice in the European Union. It is financed by contributions and is mandatory for employees. There is a possibility for voluntary inclusion in the social security protection of the self-employed. The acquisition of the right to monetary compensation is bound by the requirement for completed insurance length of service, in compliance with the one imposed by the provisions of Art. 18 of Convention No. 102 of 1952 of the ILO duration of payments in each case of illness. The regulated obligation of the employer to pay remuneration to the insured persons during the first 3 working days of incapacity for work corresponds to the practice in the countries of the European Union.

The amount of cash compensation for temporary incapacity to work due to general disease is directly related to the amount of remuneration received by the person in a way that meets the requirements of the basic standards for social security, but its level, especially relative to gross remuneration at the time of occurrence of the incapacity to work can hardly be perceived as satisfactory. This naturally provokes a discussion about the expediency and possibilities for organizational changes - by directly linking the amount of cash benefits for temporary incapacity for work with the net salary at an appropriate rate of income replacement, by reducing the length of the period from which the base value is determined. calculating the amount of the cash benefit in case of temporary incapacity for work or by introducing a minimum amount of the granted benefits, similar to the practice of determining the amount of the cash benefits in case of pregnancy and childbirth, regulated by the text of Art. 49, Para. 1 of CSI.

## References

- Ausgaben: wichtigste Ergebnisse.* (н.д.). Извлечено от Eurostat: [https://ec.europa.eu/eurostat/databrowser/view/SPR\\_EXP\\_SUM\\_custom\\_1297403/default/table?lang=de](https://ec.europa.eu/eurostat/databrowser/view/SPR_EXP_SUM_custom_1297403/default/table?lang=de)
- Tabellen pro Leistungen - Funktion Krankheit / Gesundheitsversorgung.* (н.д.). Извлечено от Eurostat: [https://ec.europa.eu/eurostat/databrowser/view/SPR\\_EXP\\_FSI\\_custom\\_1297347/default/table?lang=de](https://ec.europa.eu/eurostat/databrowser/view/SPR_EXP_FSI_custom_1297347/default/table?lang=de)
- Vergleichende Tabellen - Stand: 01.01.2021.* (н.д.). Извлечено от MISSOC: <https://www.missoc.org/missoc-information/missoc-vergleichende-tabellen-datenbank/?lang=de>

- Георгиев, З. П. (2001). *Теория на социалното осигуряване*. Свищов: АИ "Ценов".
- Държавното обществено осигуряване през 2020 г.* (2021). София: НОИ.
- Закон за бюджета на Държавното обществено осигуряване. ДВ, бр. 103 от 04.12.2021 г.* (н.д.).
- Закон за бюджета на Националната здравноосигурителна каса за 2021 г. ДВ, бр. 103 от 04.12.2020 г.* (н.д.).
- Закон за данъците върху доходите на физическите лица. ДВ, бр. 95 от 24.11.2006 г.* (н.д.). Извлечено от lex.bg: <https://www.lex.bg/laws/ldoc/2135538631>
- Закон за здравето. ДВ, бр. 70 от 10.08.2004 г.* (н.д.).
- Закон за здравното осигуряване. ДВ, бр. 70 от 19.06.1998 г.* (н.д.).
- Кацаров, И. (1957). *Обществено осигуряване на работниците и служителите*. София: Наука и изкуство.
- Кацаров, И. (1967). *Теория на общественото осигуряване. Част II*. Свищов. *Кодекс за социално осигуряване. ДВ, бр. 110 от 1999 г.* (н.д.).
- Конвенция № 102 на Международната организация на труда за социална сигурност (минимални стандарти), 1952 г.* (н.д.). ДВ, бр. 54 от 2008 г.
- Международна класификация на функционирането, уврежданията и здравето.* (2018). Извлечено от Световна здравна организация: <https://apps.who.int/iris/bitstream/handle/10665/42407/9241545429-bul.pdf?sequence=470&isAllowed=y>
- Международните трудови конвенции в България.* (1992). София.
- Мръчков, В. (2014). *Осигурително право*. София: Сиби.
- Наредба за елементите на възнаграждението и за доходите, върху които се правят осигурителни вноски. Дв, бр. 6 от .* (н.д.).
- Наредба за медицинската експертиза. ДВ, бр. 51 от 27.06.2017 г.* (н.д.).
- Павлов, Н. (1998). *Социално осигуряване (организационно-управленски аспекти)*. Свищов: АИ "Ценов".
- Показатели, характеризиращи временната неработоспособност на осигурените лица. Статистически бюлетин - 2019 г.* (н.д.). Извлечено от Национален осигурителен институт: [https://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/pokazатели/SPRAVKA\\_bolnichni\\_template-2019.pdf](https://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/pokazатели/SPRAVKA_bolnichni_template-2019.pdf)
- Показатели, характеризиращи временната неработоспособност на осигурените лица. Статистически бюлетин - 2018 г.* (н.д.). Извлечено от Национален осигурителен институт: [https://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/obz/SPRAVKA\\_bolnichni\\_31-12-2018.pdf](https://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/obz/SPRAVKA_bolnichni_31-12-2018.pdf)
- Показатели, характеризиращи временната неработоспособност на осигурените лица. Статистически бюлетин - 2020 г.* (н.д.). Извлечено от Национален осигурителен институт: [https://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/pokazатели/SPRAVKA\\_bolnichni\\_31\\_12\\_2020.pdf](https://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/pokazатели/SPRAVKA_bolnichni_31_12_2020.pdf)



- Правилник за организацията и дейността на НОИ. ДВ, бр. 8 от 28.01.2014 г. (н.д.).*
- Работни и почивни дни - 2018 г., 2019 г. и 2020 г. (н.д.).* Извлечено от КиК  
Инфо: <https://kik-info.com/spravochnik/calendar/2020/>
- Рекомендация 67 об обеспечении дохода, 1944 г. (н.д.).* Извлечено от МОТ:  
[http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---normes/documents/normativeinstrument/wcms\\_r067\\_ru.htm](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/normativeinstrument/wcms_r067_ru.htm)
- Социалноосигурителни показатели по пол 2012 - 2020 г. (н.д.).* Извлечено от Национален осигурителен институт: [https://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/pokazатели/Table\\_Pol\\_pokazатели-2012-2020\\_BG.pdf](https://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/pokazатели/Table_Pol_pokazатели-2012-2020_BG.pdf)
- Средна брутна месечна заплата на наетите лица по трудово и служебно правоотношение - 2018 г., 2019 г., 2020 г. (н.д.).* Извлечено от Национален статистически институт: <https://www.nsi.bg/bg/content/3928/%D0%BD%D0%B0%D1%86%D0%B8%D0%BE%D0%BD%D0%B0%D0%BB%D0%BD%D0%BE-%D0%BD%D0%B8%D0%B2%D0%BE>
- Устав (Конституция) Всемирной Организации Здравоохранения. (н.д.).*  
Извлечено от Электронный фонд правовых и нормативно-технических документов: <https://docs.cntd.ru/document/901977493>

**Plamen P. Yordanov, PhD** is an Associate Professor at the Department of Insurance and Social Security of the Faculty of Finance at D. A. Tsenov Academy of Economics – Svishtov. His **scientific interests** are in the field of the theory, methodology, organization and management aspects of the public and private social insurance.

**ORCID ID:** 0000-0002-8582-2809

**Margarita I. Nikolova, PhD** is a Chief Assistant Professor at the Department of Insurance and Social Security of the Faculty of Finance at D. A. Tsenov Academy of Economics – Svishtov. Her **scientific interests** are in the field of economics and organization of the public social and healthcare insurance.

**ORCID ID:** 0000-0002-5448-5061

**Zhaneta E. Angelova** is a full-time doctoral student at the Department of Insurance and Social Security of the Faculty of Finance at D. A. Tsenov Academy of Economics – Svishtov. Her **scientific interests** are related to her doctoral thesis research in the field of economics and organization of the public social insurance.

**ORCID ID:** 0000-0002-7513-6370

ISSN 0323-9004

# Economic Archive

Svishtov, Year LXXIV, Issue 3 - 2021

---

**An Outline of the Fault Line in the European Union**

---

---

**Organizational and Economic Characteristics  
of Compensations for Temporary Loss  
of Capacity to Work**

---

---

**Effects of the Global Economic Crisis  
and the Covid-19 Pandemic on Sovereign Debt  
Management in Heavily Indebted Countries**

---

---

**The Impact of Global Trends and Covid-19  
on International New Ventures**

---

---

**Economic Growth in the Eurozone  
and on the Balkans: A Cointegration Analysis**

---

---

D. A. TSENOV ACADEMY OF ECONOMICS  
SVISHTOV



**EDITORIAL BOARD:**

Prof. Andrey Zahariev, PhD – Editor-in-chief  
Prof. Yordan Vasilev, PhD – Deputy Editor  
Prof. Stoyan Prodanov, PhD  
Assoc. Prof. Iskra Panteleeva, PhD  
Assoc. Prof. Plamen Yordanov, PhD  
Assoc. Prof. Svetoslav Iliychevski, PhD  
Assoc. Prof. Plamen Petkov, PhD  
Assoc. Prof. Anatoliy Asenov, PhD  
Assoc. Prof. Todor Krastevich, PhD

**INTERNATIONAL BOARD:**

**Prof. Mihail A. Eskindarov, DSc (Econ)** – Financial University under the Government of the Russian Federation, Moscow (Russia).  
**Prof. Grigore Belostechnik, DSc (Econ)** – Moldovan Academy of Economic Studies, Chisinau (Moldova).  
**Prof. Mihail Zveryakov, DSc (Econ)** – Odessa State Economic University, Odessa (Ukraine).  
**Prof. Andrey Krisovatiy, DSc (Econ)** – Ternopil National Economic University, Ternopil (Ukraine).  
**Prof. Yon Kukuy, DSc (Econ)** – Valahia University, Targovishte (Romania).  
**Prof. Ken O'Neil, PhD** – University of Ulster (Ireland)  
**Prof. Richard Thorpe, PhD** – Leeds University (Great Britain)  
**Prof. Olena Nepochatenko, DSc (Econ)** – Uman National University of Horticulture, Uman (Ukraine)  
**Prof. Dmytro Lukianenko, DSc (Econ)** – Kyiv National Economic University named after Vadym Hetman, Kyiv (Ukraine)  
**Assoc. Prof. Maria Cristina Stefan, PhD** – Valahia University of Targoviste (Romania)  
**Assoc. Prof. Anisoara Duica, PhD** – Valahia University of Targoviste (Romania)  
**Assoc. Prof. Vladinir Klimuk, PhD** – Baranovichi State University, Branovic (Belarus)

**Support Team**

Rositsa Prodanova, PhD – Technical Secretary  
Anka Taneva – Bulgarian Copy Editor  
Ventsislav Dikov – Senior Lecturer in English – Translation from/into English  
Petar Todorov, PhD – Senior Lecturer in English – Translation from/into English

**Editorial address:**

2, Emanuil Chakarov street, Svishtov 5250  
Prof. Andrey Zahariev, PhD – Editor-in-Chief  
☎ (+359) 889 882 298  
Rositsa Prodanova, PhD – technical secretary  
☎ (+359) 631 66 309, e-mail: nsarhiv@uni-svishtov.bg  
Blagovesta Borisova – computer graphic design  
☎ (+359) 882 552 516, e-mail: b.borisova@uni-svishtov.bg

*In 2021, the journal will be printed using a financial grant from the Scientific Research Fund – Agreement № KP-06-PP2-0045 from Bulgarska Nauchna Periodika – 2021 competition.*

© Academic Publishing House “Tsenov” – Svishtov  
© D. A. Tsenov Academy of Economics – Svishtov

---

# ***ECONOMIC ARCHIVE***

**YEAR LXXIV, BOOK 3 – 2021**

---

## ***CONTENTS***

**Atanas Damyanov**

An Outline of the Fault Line in the European Union /3

**Plamen P. Yordanov, Margarita I. Nikolova, Zhaneta E. Angelova**

Organizational and Economic Characteristics of Compensations for  
Temporary Loss of Capacity to Work /14

**Velichka Nikolova**

Effects of the Global Economic Crisis and the Covid-19 Pandemic on  
Sovereign Debt Management in Heavily Indebted Countries /31

**Margarita Mihaylova**

The Impact of Global Trends and Covid-19 on International  
New Ventures /46

**Milena M. Kovachevich**

Economic Growth in the Eurozone and on the Balkans: A Cointegration  
Analysis /58